

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Reserve

45 F733

FOOD INFORMATION SERIES
UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INFORMATION
WASHINGTON, D. C.



Date: August 17, 1943 No. 53
Subject: Flood Restoration Loans
Distribution: Food Information Calendar List
Suggested Use: Background information; FSA press; radio

To get flood-damaged farmlands back into production of badly needed foods, feeds and fibers during 1943 and 1944, farmers in 320 counties of 15 Midwestern and Southern States will be able to borrow from a \$15,000,000 loan fund set up by Congress in the Second Deficiency Act of 1943.

The Secretary of Agriculture has designated Farm Security Administration to administer the fund.

By August applications had begun to come in to FSA county offices. The extent of ultimate demand for the flood restoration help--which is available to any farmer in the designated counties if he cannot get credit from other sources--will depend largely on the length of this year's growing season. A longer-than-average season will give second-planting and late-planted crops, in areas churned and inundated by the high waters of last June, a chance to mature; and farmers concerned will be less needful of flood restoration loans next spring than if their late crops are nipped by early cold weather. The fund is expected to help, as necessary, with next year's production as well as to make possible the restoration or continuation of operations in flooded areas through the rest of 1943.

Two types of flood restoration loans have been established. One is for "real estate restoration." The second is for "production restoration."

1. The "real estate restoration" loan is for such purposes as clearing up debris or leveling land; making major repairs or replacements to drainage, irrigation or flood control systems, or to farm buildings, fencing, orchards, windbreaks or other farm improvements or facilities. "Real estate restoration" loans bear $3\frac{1}{2}$ percent interest and may be made for a period of up to 20 years.

2. The "production restoration" loan for the most part will be for a short term, though it may run as long as 10 years. The interest rate is 5 percent. Sample purposes: Buying feed, seed, fertilizer, livestock; repairing or replacing machinery and equipment; making minor repairs or replacements to buildings, fences and other improvements; refinancing adjusted debts, other than real estate debts; covering other farm and home operating expenses.

Real estate indebtedness may not be refinanced with flood restoration loans. Other types of debt may be refinanced if this is necessary by reason of flood damage and is essential to the resumption or continuance of production. A debt adjustment service may be given in connection with either type of flood restoration loan.

The loans will be made in designated counties of Arkansas, Indiana, Illinois, Kansas, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Wisconsin and Texas—and only to farmers who have no other credit available on reasonable terms.

"Real estate restoration" loans will be secured by liens on the real estate unless other reasonably adequate collateral security is offered. "Production restoration" loans will be secured by a first lien on all property purchased and the best lien obtainable on property repaired (except real estate) or crops produced with the loan funds. Other security may be required where it appears necessary to protect the Government's interest in the orderly retirement of the loan.

Flood restoration borrowers will not ordinarily receive farm and home supervision of the type given in the regular FSA rehabilitation program. However, where the FSA committee in approving a "flood restoration" loan application decides that supervision is necessary in order for the purposes of the loan to be carried out, or where the borrower asks for it, farm-and-home supervision will be given insofar as FSA supervisors are able.